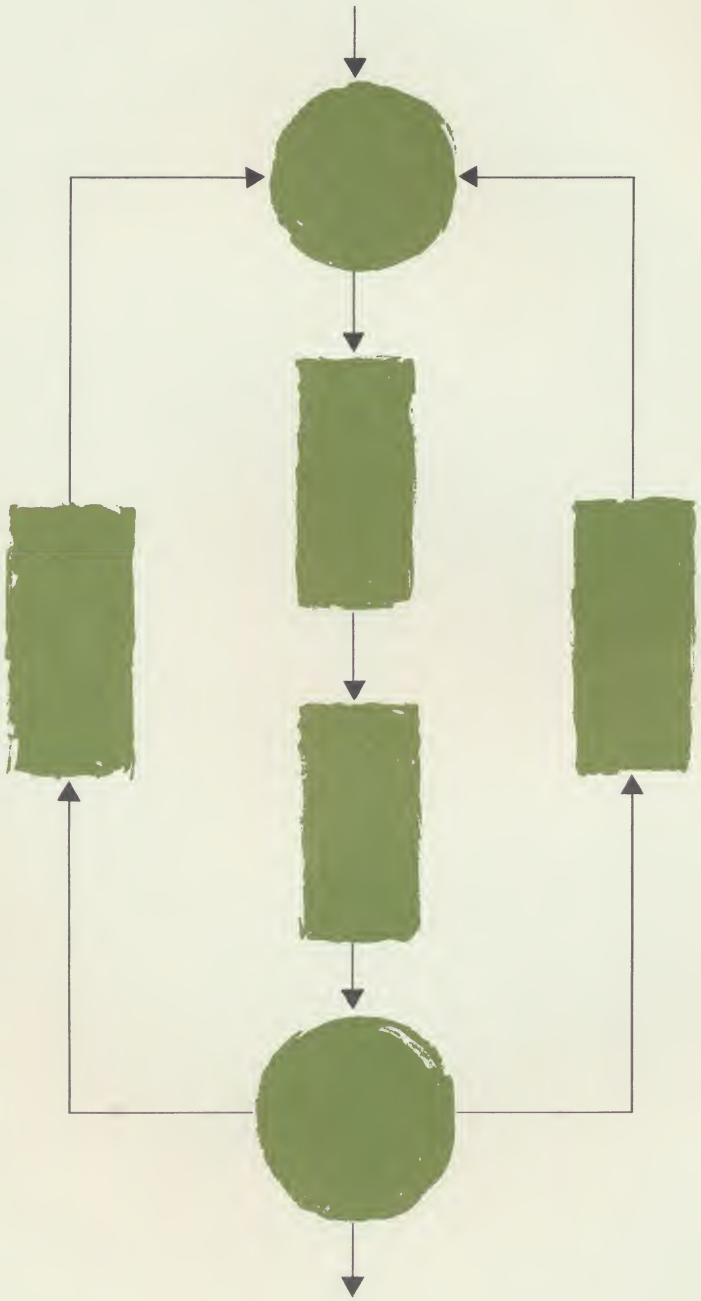
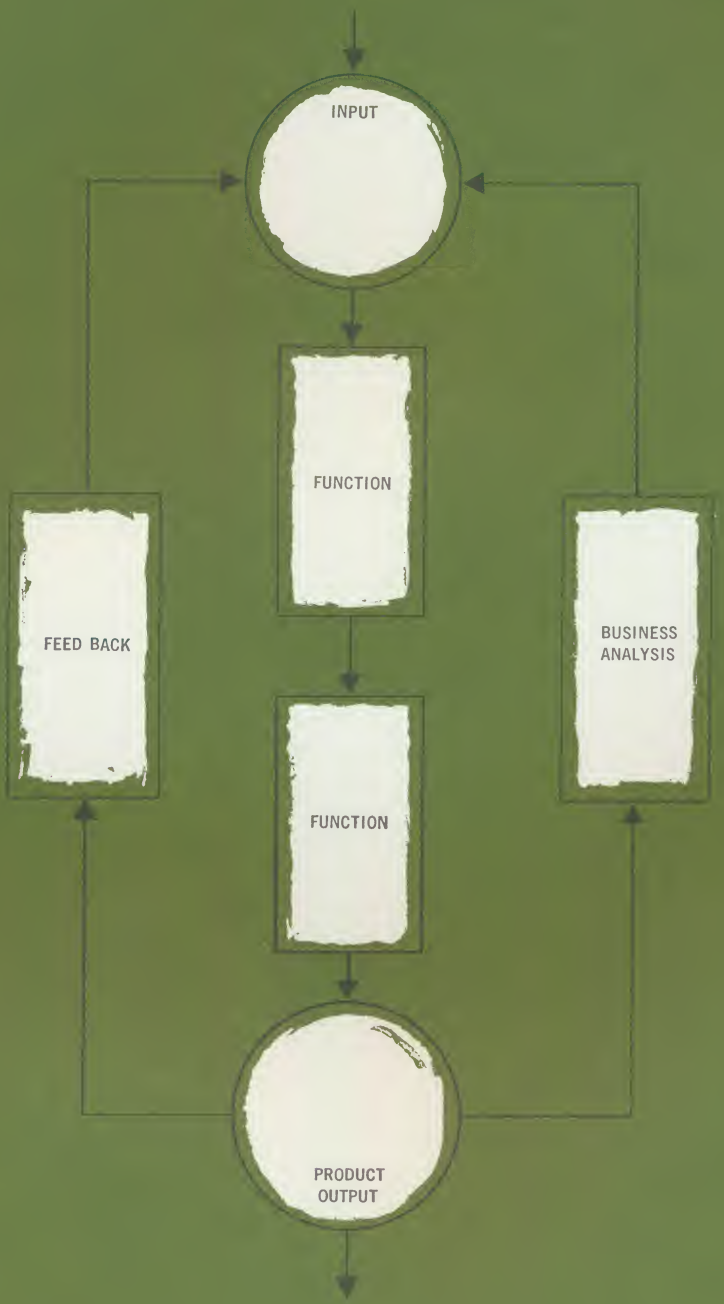
The "Total Systems" Approach To Data Processing Profits



GENERAL ELECTRIC


INPUT
FUNCTION
FEED BACK
BUSINESS ANALYSIS
FUNCTION
PRODUCT OUTPUT


G E DATA PROCESSING CAPABILITIES
KEY PROFIT AREA OF BUSINESS

Computers can be solid money-making investments when their applications are tailored to those areas that "make" money. General Electric's Computermen can show you how to pin-point the most profitable areas of computer operation, and help you implement a system that is meaningful to all levels of decision-making.

Management Concepts

Many companies are unhappy with their expensive computer investment. There are too many dollars spent with too little return. Why? Not enough investment in ferreting out, analyzing, experimenting to find the areas that really pay off — areas that make money, not just save it. For example, the Pillsbury Company, satisfied with its computer investment, has pointed out that in most cases of unhappy computer users, there has been no overall plan for using the equipment for the optimum return on the dollar.

At General Electric, we believe that the system design for overall short- and long-range applications is more important than selecting the actual hardware. About 75 percent of a computer project is a solid analysis of management information flow and requirements. This results in a comprehensive plan that is understood and agreed upon by all levels of management. The remaining 25 percent is effective computer application to meet the requirements of selected functions in those areas where payoff is obvious.

Approach

General Electric has found that a "total systems" approach in which all functions in operating a business are considered, is a good starting point. Pillsbury used this approach.

Although it is physically impossible to program computer applications in all places at one time, each project can be structured in a "building block" fashion. One important fact to remember; you must plan how the data you put in the machine will be used in a future project. If you don't, it eventually must be modified and the total computer system doesn't hang together.

At Pillsbury, they selected (after careful analysis) several areas for immediate computer application. These included: grocery delivery analysis — a report of product deliveries at several levels, from the individual customer to national sales; grocery damaged goods reporting; grocery merchandising accomplished by individual salesmen; payroll; feed formulation; dividend record maintenance and payment; general accounting and accounts payable; and a flour production program.

Pillsbury has used this approach with singular success. In fact, so successfully that they felt forced to take one of the less profitable applications off the computer to make time and room for one where the payoff is greater. In other words, they have located, analyzed, and capitalized on *key profit points* in their business.

Plans have been made for the systematic removal of jobs that do *not* represent profitable computer applications. Common practice at Pillsbury is that high profit potential programs always displace routine paper processing or simple data processing jobs.

Key Profit Points

What are the key profit areas? There isn't any one answer to this question. Pillsbury has built a system which emphasizes profit areas by providing management with the information necessary to make the "right" decisions, and by the establishment of a positive, long-range plan. The plan is vital, dynamic – and provides for using GE-225's in every operating division. The Corporate area and Research and Development applications range from basic accounting to the highly-sophisticated efforts to simulate the problems involved in growing chickens.

The food industry is highly competitive. Diversification is great, markup on products small, and there must be a continuing search for those features that represent an edge on competition. In addition, it demands the ability to shift with a shifting market through assembly and utilization of information.

Three main goals are uppermost according to Pillsbury:

- Produce, maintain, and improve an acceptable profit margin;
- Add to the intelligence needed for decisions that people within Pillsbury are forced to make;
- Substantially reduce inventory handling costs while constantly maintaining a proper balance of inventory.

Solidifying these goals made it imperative that Pillsbury identify and capitalize on its key profit points. In a very real sense, the GE-225's have helped in two ways: in firming these goals and in accomplishing the individual steps leading to the goals.

Firming the Goals

Using two GE-225's, Pillsbury now can measure performance in areas where previously measurement was impossible, and demand higher standards of performance. Now there is a cumulative effort involving more and more people to find new and profitable applications. Now there is a firm tendency to identify profits with progress. Now there is a manner of *testing* long-range plans rather than merely formulating long-range plans. Pillsbury has used many of the tools of effective information processing – simulation, forecasting, linear programming, Critical Path Method (CPM) planning – to mention only a few. Pillsbury admits they haven't scratched the final payoff surface.

Accomplishing Individual Steps

In this particular industry, the ability to react quickly and effectively to customer demand is extremely important. Consequently, inventory planning must reflect a combination of reality in the market-place and preparation for longer term marketing programs. Some raw materials such as potatoes and wheat are procured on a seasonal basis, well in advance of immediate needs. On the other hand, procurement of ingredients and packaging materials for cake mixes, where sales volume may fluctuate wildly, requires dynamic short-range effort. Problem-solving and decision-making in this area require immediate access to pertinent facts. The computer provides these facts and assembles them in such a way that they are useful at all levels – from the manager of computer operations to the corporate comptroller.

Only half the logistics problem is solved when the finished product has reached the end of the packing line. It must now move to one of 14 distribution warehouses. Since a large part of the finished goods inventory is always in transit, the manipulation of these movements becomes of great importance in terms of dollar investment and degree of customer service. Here again, the GE-225's provide facts on which to base day-to-day decisions.

Sales execution in the field is more-than-ever dependent on creative marketing programs that are conceived in fact and implemented by knowledgeable managers who control the product flow. Used with the proper organization pattern, the GE-225's offer management the opportunity to improve its decision-making capacity in this important respect.

Other Uses

All customer orders, however and wherever they originate, are sent directly to the Minneapolis distribution center. The GE-225's serve as catalysts to reflect their impact on every action taken. Orders are immediately processed and transmitted to a distribution warehouse for shipment. Shipments are reported and invoiced. The GE-225's prepare bills of lading, make transit applications and freight payments, update stock accounting records and accounts receivables.

A daily stock status report reflects each day's orders received, customer shipments, warehouse receivings, and replenishment orders.

Marketing managers and sales managers receive daily reports concerning actual sales in the market-place — wherever it may be.

Add a DATANET-30 Communications Processor

Speeding customer service at less cost is a highly-important factor in the food processing business. The DATANET-30 cuts in half the normal order-processing cycle. This 50-percent saving reduces warehouse inventory requirements and assures faster delivery to the wholesale grocery trade.

Linking Pillsbury's GE-225 installation in Minneapolis and the Company's 128 sales offices, flour mills, processing plants, and warehouses across the nation, the data communications system provides Pillsbury with a totally integrated data processing system — electronically-handled processing on an immediate basis.

Manual message switching is eliminated. The DATANET-30 in Minneapolis automatically receives all sales orders and statistical information transmitted over the 20-line teletype system linking Pillsbury's administrative network. This information is forwarded automatically to the GE-225 computers at the data center. Terminal devices in the system provide access to magnetically-stored account records of Pillsbury customers. Any unit of information can be made available in a split second for processing on the GE-225's. All levels of Pillsbury management are thus able to obtain current key data when and where it is needed.

What Does This Mean to You?

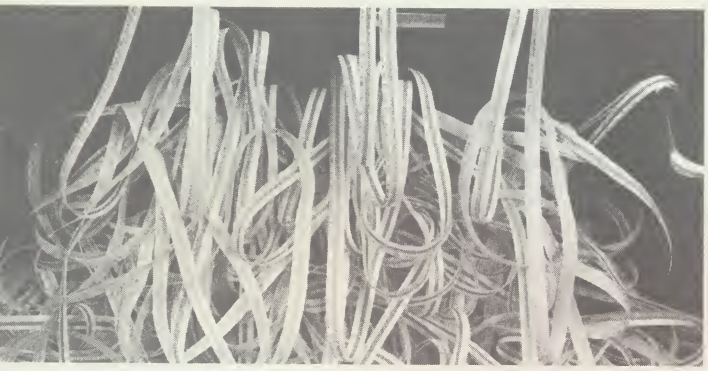
With annual sales in excess of $400 million, Pillsbury is definitely a leader in the food-processing business. Its management feels that to stand still is to take a step backward. With this sort of philosophy they can't afford a "wait-and-see" attitude toward information processing techniques and innovations.

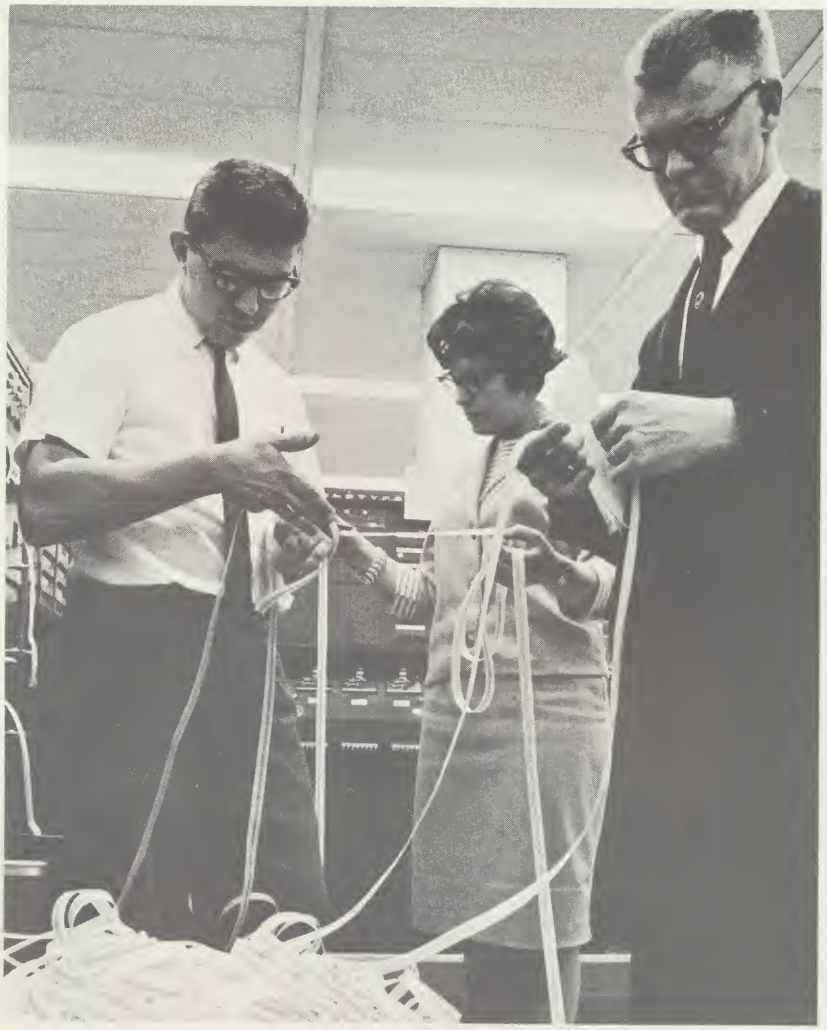
What did they do about it? In the early planning stages for an automated system, they called in the General Electric Problem Solvers. These men and Pillsbury people analyzed and defined the problems, and finally recommended equipment. And, it didn't stop there. GE-Computermen, with Pillsbury, pin-pointed the areas of most profitable operation and implemented a system that is meaningful to all levels of decision-making. For example, the linear programming used for transit and loading problems and for feed formulation, developed jointly by Pillsbury and General Electric, is one of the points where their payoff is greatest.

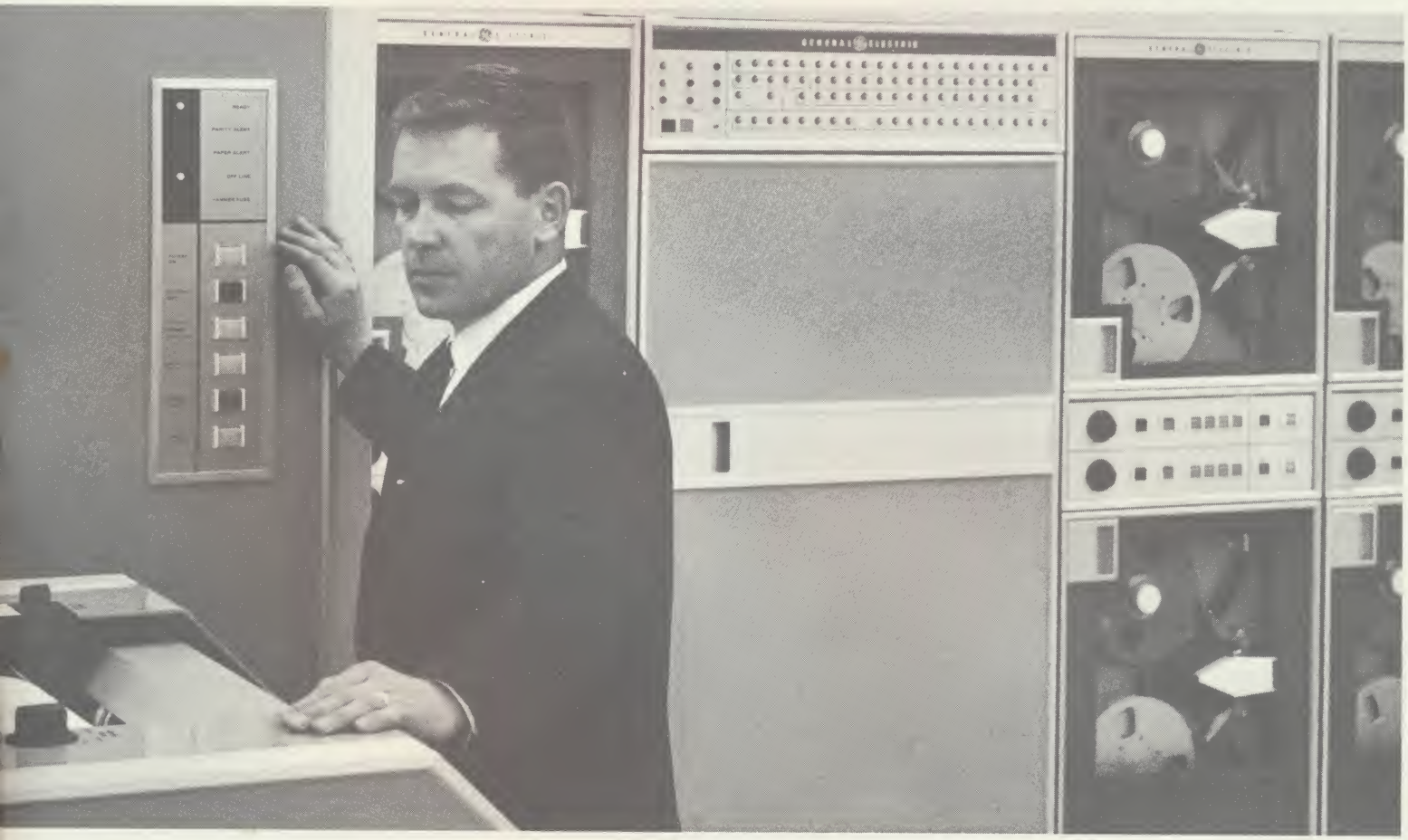
You can do the same thing. GE-Computermen will discuss integrated or total systems with you or they'll discuss specific and isolated problems. They'll recommend equipment which best fits your needs only after you and they together have carefully analyzed and determined your needs. They'll help you pinpoint the key profit areas of your business. They'll show you that General Electric computers, used properly and tailored to your needs, don't just "save" money for you, they "make" money for you!

Where Do You Start?

Call a skilled GE-Computerman at any one of the listed District Offices, or call or write the Computer Department, Phoenix, Arizona — pin-pointing the profit areas of your business is our business.



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• Information Processing Centers in these cities offer complete computer services.

In the construction of the equipment described, General Electric Company reserves the right to modify the design for reasons of improved performance and operational flexibility.

Progress Is Our Most Important Product

GENERAL ELECTRIC

COMPUTER DEPARTMENT

CPB-391 LITHO IN U. S. A.